

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05

EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-03

H-01 EUR-12 PA-01 PRS-01 ERDA-05 CIAE-00 COME-00

DODE-00 FEAE-00 FPC-01 INR-07 INT-05 NSAE-00

PM-04 OES-07 ACDA-07 /113 W

-----031243Z 108577 /53

R 031130Z MAY 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 1387

INFO AMEMBASSY QUITO

AMEMBASSY CARACAS

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 3480

E.O. 11652: N/A

TAGS: ENRG, ETRD, PFOR, EC, BR

SUBJECT: GOB PETROLEUM OFFICIALS APPEAR TO BE AGAINST PROPOSED
ECUADOR-BRAZIL OIL DEAL

REF: QUITO 1167 (NOTAL)

BEGIN UNCLASSIFIED

1. SUMMARY. WHILE PRESS REPORTS INDICATE THAT THE GOE
AND THE GOB ARE OPTIMISTIC ABOUT SIGNING A BILATERAL AGREE-
MENT PROVIDING FOR ECUADOREAN OIL SALES TO BRAZIL IN
RETURN FOR ECUADOREAN PURCHASES OF BRAZILIAN GOODS AND
SERVICES, THE GOB MINISTRY OF MINES AND ENERGY (MME) AND
PETROBRAS, THE STATE OIL COMPANY, ARE REPORTED TO BE
OPPOSED TO SUCH AN AGREEMENT DUE TO THE HIGH PRICE OF
ECUADOREAN OIL. END SUMMARY.

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2. ACCORDING TO THE RESPECTED BUSINESS NEWSPAPER GAZETA
MERCANTIL (APRIL 22), ECUADOR'S AMBASSADOR TO BRAZIL,
ROGELIO VALDIVIESO, HAS SAID THAT THE NEGOTIATIONS FOR
AN OIL AGREEMENT WITH BRAZIL WERE IN THEIR FINAL STAGES BUT
THAT HE WAS UNABLE TO BE SPECIFIC ON A DATE FOR SIGNING. THIS
WOULD DEPEND, HE SAID, ON WHEN GOE FONMIN LARA WOULD BE ABLE
TO VISIT BRAZIL. ACCORDING TO THE PAPER, VALDIVIESO WAS ALSO

VAGUE ON THE CONTENT OF THE OIL AGREEMENT, SAYING ONLY THAT IT CALLS FOR ECUADOREAN PURCHASES OF BRAZILIAN GOODS AND SERVICES IN RETURN FOR BRAZILIAN PURCHASES OF ECUADOREAN OIL. THE AGREEMENT WILL ALSO APPARENTLY INCLUDE PROVISIONS FOR TECHNOLOGICAL, CULTURAL, AND COMMERCIAL COOPERATION. END UNCLASSIFIED BEGIN LIMITED OFFICIAL USE COMMENT. AS LATE AS APRIL 18, JORNAL DO BRASIL REPORTED THAT LARA'S VISIT WAS SCHEDULED FOR APRIL 25, BUT VALDIVIESO DENIED THIS REPORT AT THAT TIME. HOWEVER, ECUADOREAN EMBASSY MINISTER HAD EARLIER INDICATED TO EMBOFF THAT VISIT WAS PROBABLY GOING TO OCCUR IN LATE APRIL. HE INFORMED EMBOFF APRIL 27 THAT VISIT WAS DELAYED AT LEAST UNTIL JUNE, AND ADDED THAT PETROLEUM WAS AT THE HEART OF THE PROBLEMS THAT CAUSED THE DELAY...END COMMENT END LIMITED OFFICIAL USE

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3. THE MME AND PETROBRAS APPEAR TO BE OPPOSED TO AN ECUADOR-BRAZIL OIL DEAL. THE JORNAL DE BRASILIA OF APRIL 23 CARRIED A SHORT ARTICLE TITLED "ECUADOREAN PETROLEUM: EXPENSIVE FOR BRAZIL," WHICH SAID THAT MME TECHNICIANS WERE NEGATIVE ABOUT POSSIBLE ECUADOREAN OIL PURCHASES, CITING THE HIGH COST OF ECUADOREAN OIL AND THE EXTRA EXPENSES OF TRANSPORTING IT EITHER THROUGH THE PANAMA CANAL OR THE STRAITS OF MAGELLEN. COMMENT. NO MENTION WAS MADE OF SHIPPING THE PETROLEUM VIA THE PUTUMAYO RIVER (REFTELDMGH ANOTHER PRESS STORY DID SAY THAT THE BRAZIL-ECUADOR MIXED COMMISSION MAY DISCUSS THE ATLANTIC-PACIFIC LINK AT ITS NEXT MEETING. END COMMENT. GAZETA MERCANTIL, APRIL 22, QUOTES MME MINISTER UEKI AS SAYING THAT ECUADOREAN LIMITED OFFICIAL USE

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OIL IS "VERY EXPENSIVE".

THE GAZETA MERCANTIL CARRIED AN ARTICLE REPORTING THAT PETROBRAS TECHNICAL OFFICIALS "VEHEMENTLY DENIED" THAT PETROBRAS HAD MAINTAINED ANY CONTACT WITH ECUADOR REGARDING OIL PURCHASES. A PETROBRAS SOURCE WAS REPORTED AS SAYING, "PETROBRAS HAS ALREADY REJECTED PREVIOUS ECUADOREAN PROPOSALS BECAUSE THE OIL WOULD COST BRAZIL TOO MUCH. FYI: CONSIDERABLY MORE THAN US\$14/BARREL. END FYI." THE ARTICLE REPORTED, THOUGH, THAT THESE PETROBRAS OFFICIALS DID NOT DISCOUNT THE POSSIBILITY THAT NEGOTIATIONS CARRIED OUT WITH ECUADOR BY THE MME OR THE FONMIN COULD RESULT IN SOME KIND OF AGREEMENT INVOLVING ECUADOREAN OIL SALES TO BRAZIL. CRIMMINS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977BRASIL03480
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
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Errors: N/A
Expiration:
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Format: TEL
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